

PUBLIC SERVICE COMMISSION OF WISCONSIN

Minutes and Informal Instructions of the Open Meeting of
Wednesday, November 23, 2005

The Public Service Commission of Wisconsin (Commission) met as noticed. Present were Chairperson Ebert and Commissioner Meyer.

Minutes

The Commission approved the minutes of the Open Meetings of Monday, October 31, 2005; Thursday, November 10, 2005; and Wednesday, November 16, 2005.

6630-CE-295 – Application of Wisconsin Electric Power Company for Authority to Replace the High-Pressure Turbine Main Steam Stop and Control Valves on Units 5 and 6 at the Oak Creek Power Plant

The Commission approved the Notice of Investigation and directed it be signed by the Secretary to the Commission on behalf of the Commission.

2280-WR-101 – Application of the Glidden Sanitary District for Authority to Increase Water Rates

The Commission approved a Notice of Proceeding and Telephonic Hearing and directed it be signed by the Secretary to the Commission on behalf of the Commission.

2470-WR-104 – Application of the City of Hartford Utilities for Authority to Revise Its Method of Cost Recovery for Providing Public Fire Protection Service

The Commission approved a Notice of Proceeding and Telephonic Hearing and directed it be signed by the Secretary to the Commission on behalf of the Commission.

3370-WR-103 – Application of Marinette Municipal Water Utility for Authority to Revise Its Method of Cost Recovery for Providing Public Fire Protection Service

The Commission approved a Notice of Proceeding and Telephonic Hearing and directed it be signed by the Secretary to the Commission on behalf of the Commission.

3530-WR-103 – Application of the City of Mellen Municipal Water Utility for Authority to Increase Water Rates

The Commission approved a Notice of Proceeding and Telephonic Hearing and directed it be signed by the Secretary to the Commission on behalf of the Commission.

6300-WR-103 – Application of Wausau Water Utility for Authority to Increase Water Rates

The Commission approved a Notice of Proceeding and Telephonic Hearing and directed it be signed by the Secretary to the Commission on behalf of the Commission.

6500-WR-103 – Application of Whitehall Municipal Water Utility for Authority to Revise Its Method of cost Recovery for Providing Public Fire Protection Service

The Commission approved a Notice of Proceeding and Telephonic Hearing and directed it be signed by the Secretary to the Commission on behalf of the Commission.

6630-UR-111 – Application of Wisconsin Electric Power Company for Approval of Plan to Improve Reliability Through Infrastructure and Incentives and Request for Rate Increase for Test Year 2000

The Commission approved the Amended Findings of Fact, Conclusions of Law, and Final Order and directed it be signed by the Secretary to the Commission on behalf of the Commission.

6720-TI-196 – Petition of SBC Wisconsin for Suspension of Wisconsin Statute sec. 196.196(1) with Regard to Basic Local Exchange Service

The Commission modified and approved the Final Decision and directed it be signed by the Secretary to the Commission on behalf of the Commission.

137-CE-131 – Application of American Transmission Company for Authority to Construct a New 138 kV Transmission Line Between the Existing North Beaver Dam and the Proposed East Beaver Dam Substation in Dodge County

The Commission denied Mayville Engineering Company, Inc.'s Petition for Rehearing.

The Commission directed the Gas and Energy Division to draft an order consistent with this decision.

5230-GR-104 – Application of St. Croix Valley Natural Gas Company, Inc. for Authority to Increase Natural Gas Rates

The Commission laid this item over.

6720-TI-196 – Petition of SBC Wisconsin for Suspension of Wisconsin Statute sec. 196.196(1) with Regard to Basic Local Exchange Service

1-IC-353 – Application for Intervenor Compensation Filed by Citizens' Utility Board for \$57,950 to Participate in Docket 6720-TI-196

Request for Supplemental Compensation

The Commission modified and approved the request for the Citizens' Utility Board awarding \$10,000 in additional intervenor compensation and allowing reallocation of previously awarded funds.

The Commission directed the Telecommunications Division to draft an order consistent with this decision.

5-GF-104 – Administration of the Universal Service Fund

Determination and Delegation of Assessment Rates for the Universal Service Fund

The Commission determined assessment rates for the Universal Service Fund (USF) applicable to the TEACH programs, the UW-System support program for four campuses of the UW-System, the DPI BadgerLink program, and the PSC Universal Service Programs. Assessment rates, expressed on a monthly basis, to be applied to 2004 annual intrastate gross operating revenue are: .07837 percent for the TEACH programs, .00483 percent for the US-System services, .03589 percent for the DPI BadgerLink, and .02534 percent for the PSC programs.

The Commission directed that the Universal Service Fund administrator be instructed to begin using these assessment rates in December 2005.

The Commission delegated to the Telecommunications Division Administrator the authority to determine and set the USF assessment rates that will be used to assess providers for the universal service programs. The Telecommunications Administrator shall obtain the concurrence of the Division of Administrative Services Administrator and Universal Service Fund Manager, prior to setting the assessment rates.

6720-TI-187 – Petition of Wisconsin Bell, Inc., d/b/a SBC Wisconsin, to Establish Rates and Costs for Unbundled Network Elements

Joint Motion to Terminate Schedule and Close Docket

The Commission granted the Joint Motion to Terminate Briefing Schedule and Reopening Proceeding and to Close Docket.

The Commission directed the Telecommunications Division to draft an order consistent with this decision.

3270-UR-114 – Application of Madison Gas and Electric Company for Authority to Change Electric and Natural Gas Rates

The Commission discussed the record in this docket and made the following determinations:

1. The Commission should update electric fuel and purchased power costs to reflect the effect of the most recent mid-month NYMEX strip of natural gas prices. The variance range should be 2 percent on the high end and one-half of one percent on the low end.
2. The rates in this proceeding will cover calendar years 2006 and 2007. The rates will include a step increase, effective January 1, 2007, for carrying costs associated with ERGS and a re-amortization of three significant negative amortizations that were scheduled to end on December 31, 2006, through December 31, 2007.
3. Madison Gas and Electric Company (MGE) is authorized to submit an update of electric fuel costs for Commission review and approval effective on or about January 1, 2007, for 2007 monitored fuel cost and cost for ERGS.
4. MGE should continue to escrow accounting for the American Transmission Company/Midwest Independent System Operator costs that are currently included in the escrow through December 31, 2006. If the projected level of these costs for 2007 is significantly higher than the amount included in rates in this docket, the company could request deferral accounting treatment.
5. MGE is authorized to escrow accounting treatment for billing charges from MGE's affiliate MGEPER for its share of carrying costs on construction expenditures, management fees, and community impact mitigation costs associated with MGE's share of ERGS.
6. Union and non-union wages in 2006 should be increased by 2.8 percent to reflect the most recent estimate of inflation for 2006.
7. A reasonable rate of return on MGE's common equity is 11 percent.
8. A reasonable rate for the cost of MGE's borrowing through commercial paper is 4.6 percent.
9. An increase of no more than 3.5 percent should be allocated to the Cp-1 rate class.

The Commission directed staff to prepare a final order that should be brought back to the Open Meeting for final review and approval by the Commission.

05-TR-104 – Application of Wireless Telecommunications Service Providers and Wisconsin Counties for a Surcharge on Wireless Telecommunications Service to Implement Wireless Enhanced 911 Service in Wisconsin

The Commission approved the Final Decision and directed it be signed by the Secretary to the Commission on behalf of the Commission.

9343-CE-100 – Application of Fond du Lac Energy Center, LLC, a Calpine Subsidiary, for a Certificate of Public Convenience and Necessity to Construct and Place in Operation a Large Electric Power Generating Facility in Fond du Lac County, Wisconsin

The Commission determined that it would grant a two year extension of the in-service date for the proposed power plant.

The Commission directed the Gas and Energy Division to draft an order consistent with this decision.

Christy L. Zehner
Secretary to the Commission